



System-of-Care Evaluation Brief

Managed Care Initiatives within Systems of Care

The communities receiving grant support from CMHS are endeavoring to develop comprehensive, community-based systems of care for children and adolescents with serious emotional disorders and their families. System-building activities, however, are occurring in the context of other significant environmental forces and reforms that inevitably affect children and families as well as the systems that serve them. One such contextual influence is the rapid adoption and application of managed care technologies to the delivery of mental health and substance abuse (i.e., behavioral health) services, with goals that often include improving the efficiency of service delivery and containing costs.

As part of the national evaluation of the Comprehensive Community Mental Health Services for Children and Their Families Program, a study was conducted to assess how managed care reforms affect children and adolescents with emotional disorders, their families and the systems of care that serve them. The study examined the impact of managed care reforms on system-of-care values and principles, and their effects on other system features such as providers, financing, and accountability.

Methods

Following a comprehensive review, six sites were selected to comprise a sample with some variation in stage of implementation of managed care, characteristics of managed care reforms, and approach to system of care development, as well as geographic diversity. Three sites were selected for telephone interviews (Lane County, Oregon; Las Cruces, New Mexico; and the State of Rhode Island), and three sites were selected for in-depth site visits (Milwaukee, Wisconsin; Solano County, California; and San Mateo County, California). At the time of the telephone interviews and site visits in 1997, Las Cruces was planning for managed care, Lane County had recently implemented managed care, and the other sites had implemented managed care for a minimum of a year and had a substantial base of experience. Telephone interviews were conducted with the site director plus one or two other individuals. The site visits were conducted by two site visitors over two days in which they interviewed a total of 25 to 35 key stakeholders to obtain their personal assessments, perspectives, and impressions of the effects of managed care on systems of care.

System-of-Care Evaluation Briefs report findings from the National Evaluation of the Comprehensive Community Mental Health Services for Children and Their Families Program funded by the Center for Mental Health Services (CMHS) of the Substance Abuse and Mental Health Services Administration. The Program provides six-year grants to states, political subdivisions of states, American Indian Tribes, tribal organizations, and territories to support the development of community-based systems of care for children with serious emotional disturbance and their families. Systems of care are developed using an approach that emphasizes integration of services through collaborative arrangements between child-serving sectors such as education, child welfare, juvenile justice, and mental health; youth and family caregiver participation; and cultural and linguistic competence of services. The Briefs are published monthly and are sponsored by the Child, Adolescent and Family Branch of the federal Center for Mental Health Services.



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Findings

Unlike Las Cruces, the other five sites included in this study had already experienced managed care reforms, and stakeholders in these sites could convey their perceptions of the impact of managed care reforms in a number of domains.

In Milwaukee, San Mateo County, and Lane County, individuals and agencies involved with the system of care appeared to play a significant role in shaping the managed care system and its implementation. In these three sites, system-of-care services, principles, and approaches were perceived as more integrated with managed care reforms. In Rhode Island and Solano County, where planning (whether it occurred primarily at the State or local level) was viewed as integrating little input from those with expertise in behavioral health services for children and adolescents and their families (and in systems of care), stakeholders perceived little integration of managed care and systems of care and little incorporation of the system-of-care tenets. Thus, Milwaukee, San Mateo County, and Lane County appeared to use managed care reforms as a vehicle to further advance the development of systems of care, while the other sites seemed to have less opportunity to do so. Integration was perceived to range from the system of care being fully incorporated into the managed care system as an expanded benefit for children with serious disorders in Lane County, to being a specialized carve-out for children with serious disorders in Milwaukee, to being considered a tier in the overall system for children with serious disorders in San Mateo County. In both Rhode Island and Solano County, the systems of care were viewed as not integrated with the managed care systems and essentially functioned separately.

Across these five sites, a range of beneficial results of managed care reforms were noted, all of which are consistent with system-of-care goals, such as improved interagency collaboration, decreased use of hospital and residential treatment services, an expanded array of services, an expanded array of providers, improved access to mental health care, and increased clarity and consistency in clinical decisionmaking. However, respondents from the CMHS sites also noted serious problems that they felt were associated with managed care reforms. These included service fragmentation in two of the sites created by separation of acute and extended care services, a lack of sufficient service capacity for behavioral health services for children and adolescents, insufficient education of stakeholders about the new managed care systems, and generally negative attitudes toward managed care that create resistance and negative expectations.

Although the number of sites in the study was small, it yielded important insights about possible outcomes of managed care reforms and their compatibility with system-of-care goals and approaches. Taken together, analysis of the six sites identified a number of variables that appear to influence how well managed care works with systems of care:

- ▶ The presence of an ongoing system development initiative and commitment to the system-of-care philosophy before the managed care efforts began.
- ▶ Participation of individuals familiar with the system-of-care philosophy and approach in the design and implementation of the managed care system (at State and local levels).
- ▶ Integration of extended care services for children and adolescents with serious disorders into managed care systems, or, if little integration exists, clear criteria for movement of children from managed care systems to systems of care and for coordination between the two.
- ▶ Incorporation of systems of care into managed care systems as a level of care for children with serious and complex needs (i.e., the high utilizer population) when the managed care system is responsible for extended care.

- ▶ Incorporation of special provisions and risk adjustment mechanisms into managed care systems for children and adolescents with serious and complex disorders.
- ▶ Inclusion in the managed care system benefit design of a broad array of community-based service options.
- ▶ Incorporation in the managed care system of system-of-care principles as requirements and guidelines, such as individualized and flexible care, family involvement, cultural competence, service coordination, and interagency service planning.
- ▶ Familiarity of managed care organizations with the system-of-care philosophy and approach and knowledge about the needs of children and adolescents with emotional disorders and their families.
- ▶ Impact that prior authorization and other utilization control mechanisms may have on the ability to provide appropriate types and levels of care or excessively restrict flexibility in service delivery.
- ▶ Adequacy of financial resources within the system to provide the range and level of services needed by children and adolescents with emotional disorders and to prevent underservice, particularly of those with serious disorders.
- ▶ Incorporation of risk adjustment mechanisms into managed care systems that prevent the creation of service incentives for underserved children and adolescents with more serious and complex disorders.
- ▶ Maximization of incentives that increase access to treatment in the least restrictive, appropriate setting.
- ▶ Incorporation of provisions into the managed care system to encourage, and to allow billing for, service coordination and interagency service planning activities.
- ▶ Inclusion of a broad array of providers in the managed care provider network.

Conclusions

The adoption of managed care technologies to finance and deliver behavioral health services is continuing to spread rapidly. Additional States and counties are in the process of planning and implementing managed care reforms, and those with existing managed care systems are in an ongoing process of problem solving and incorporating refinements. This analysis suggests that managed care reforms can be designed and implemented in a way that takes into consideration the special needs and system requirements of children and adolescents with emotional disorders and their families. Stakeholders in some of the CMHS sites appear to have “harnessed” managed care by successfully taking the opportunity presented by the reform to advance the development of systems of care. However, in other sites, the analysis also suggests that the managed care reforms have been implemented in a manner that was less attuned to the special needs of children with emotional disorders, which may lead to a host of difficulties that ultimately must be corrected.

There are examples, within this group of sites, which appear to show that the system-of-care philosophy and approaches (or aspects of it) can be maintained in a managed care environment and, under the right circumstances, can even be used to shape managed care systems. There are also, however, some indications that without specific attention to and planning for children and adolescents with emotional disorders, many system-of-care features may be threatened with managed care reforms. Despite these threats, efforts to stay true to the system-of-care philosophy even in the context of major system changes such as managed care reforms appear to continue within the CMHS system-of-care sites.

Some of the CMHS sites appear to have “harnessed” managed care by successfully taking the opportunity presented by the reform to advance the development of systems of care.



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